Loxam A/S

Fabriksparken 30
2600 Glostrup

Annual report 2020

The annual report was presented and approved at the Company's annual general meeting

on 17 May 2021

______Carsten Lausen Hoeck__________________
chairman of the annual general meeting

Penneo dokumentnøgle: EHYH6-3Y5ND-CN3XH-KQ4A4-CMBVG-5EUCE

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Loxam A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Glostrup, 17 May 2021
Executive Board:

Carsten Lausen Hoeck

Board of Directors:

Gérard Georges Deprez Chairman	Patrick Hervé Bourmaud	Stéphane Jean Henon

Penneo dokumentnøgle: EHYH6-3Y5ND-CN3XH-KQ4A4-CMBVG-5EUCE

KPMG

Independent auditor's report

To the shareholders of Loxam A/S

Opinion

We have audited the financial statements of Loxam A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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KPMG

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 17 May 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck State Authorised Public Accountant mne32169	Joakim Juul Larsen State Authorised Public Accountant mne32803

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Management's review

Company details

Loxam A/S
Fabriksparken 30
2600 Glostrup

Telephone:	+45 46 15 56 00
Website:	www.loxam.dk
CVR no.:	10 45 80 48
Established:	1 October 1986
Registered office:	Albertslund
Financial year:	1 January – 31 December

Board of Directors

Gérard Georges Deprez, Chairman
Patrick Hervé Bourmaud
Stéphane Jean Henon

Executive Board

Carsten Lausen Hoeck

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark
CVR no.: 25 57 81 98

Penneo dokumentnøgle: EHYH6-3Y5ND-CN3XH-KQ4A4-CMBVG-5EUCE

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Revenue	490,257	522,336	562,859	455,749	382,741
Operating profit	32,334	21,140	31,968	37,785	35,363
Loss from financial income and expenses	-16,030	-19,551	-19,986	-12,734	-9,976
Profit/loss for the year	11,581	-36,510	7,329	18,773	18,106
Fixed assets	467,098	501,370	548,967	540,082	298,408
Current assets	111,884	129,004	148,330	146,424	90,177
Total assets	578,982	630,374	697,297	686,506	388,585
Share capital	4,340	4,340	4,340	4,340	4,340
Equity	20,798	9,217	13,327	24,623	30,850
Provisions	33,576	30,348	27,105	23,114	15,017
Non-current liabilities other than provisions	243,499	309,688	412,348	114,872	98,292
Current liabilities other than provisions	281,109	281,121	244,517	523,897	244,426
Acquisition of property, plant and equipment	72,453	104,921	132,385	320,993	57,672
Gross margin	51%	49%	47%	45%	49%
Operating margin	7%	4%	6%	8%	9%
Current ratio	40%	46%	61%	28%	37%
Equity ratio	4%	1%	2%	4%	8%
Return on equity	77%	-324%	39%	68%	83%
Average number of full-time employees	255	264	277	236	194

The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Operating margin $\frac{\text{Operating profit x 100}}{\text{Revenue}}$

Current ratio $\frac{\text{Current assets x 100}}{\text{Short-term debt}}$

Equity ratio $\frac{\text{Equity}}{\text{Total assets}}$

Return on equity $\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

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Management's review

Operating review

Principal activities

The Company's main activity consists of rental of earthmoving and construction equipment, site and office huts, mobile huts, lifts, trucks, etc. From all its branches, the Company supplies earthmoving and construction equipment to the public sector, the industry sector and private customers. The Company operates from 28 branches around Denmark, has 255 employees and a product range of more than 22,000 items of equipment. Please also see the Company's website, www.loxam.dk.

Development in activities and financial position

Profit for the year

The revenue for the year decreased by DKK 32,080 thousand compared to 2019, as a result of pressure on prices, high level of competition and a general downturn in the market.

The profit before tax for 2020 amounted to DKK 16,304 thousand compared to a loss before tax of DKK 34,814 thousand in 2019. The result for 2019 was impacted by the selling of the shares in the Norwegian subsidiary which resulted in a loss of DKK 36,403 thousand.

The development in revenue and profit before tax is in line with the expectations expressed in the 2019 management's review.

Investments

The investments in tangible fixed assets in 2020 amounted to DKK 72,453 thousand.

Future expectation

The Company expects the market conditions to remain challenging in 2021 as a result of less but bigger construction and renovation projects and the new situation with the Corona virus. Consequently, a slight decrease in revenue is expected. Due to stronger cost management, profit is expected to increase compared to 2020.

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Management's review

Operating review

Statement on corporate social responsibility (CSR) in compliance with section 99 a

Our company operates as a asset owner of entrepreneur machinery which is rented out to the professional segment for both short and medium term rental. Our model means we operate a full range of rental equipment with a full range of services and repair workshops servicing the professional building sectors needs.

For our company, CSR is an essential part of what we care about and what we do. LOXAM's development has always hinged on the requirement to meet the expectations of our stakeholders, and especially our customers. This commitment has resulted in us adopting the ISO 9001 quality standard, almost 20 years ago, which was later followed by the ISO 14001 environmental management standard, which aims to significantly curb our business' impact on the environment. Getting both certifications at European level is the result of a policy combining excellence, quality and respect for the environment, which the Group has been implementing for several years.

The certifier SGS has assessed our CSR policy, resulting in the Group attaining level three in the ISO 26000 standard.

Our commitment to CSR is built on the three major pillars:

- Supporting the UN Global Compact and making progress every year on the application of its 10 universal principles by taking part in the Global Compact.
- Applying the Code of Ethics, which covers the ethical issues related to our business sectors.
- Developing a governance and CSR performance framework as part of the ISO 26000 standard by engaging all stakeholders.

Anti-corruption and bribery

Our policy on anti-corruption and bribery is aligned with the Group's commitment within Ethics. To ensure continuous compliance with the policy, all the branches are updated on recent amendments to the policy.

The Code of Ethics is fully implemented. All employees are informed and have received the Code of Ethics. Also, a whistle-blower function is implemented and has been communicated to all employees.

The main risks related to our activities include employees and suppliers' violation of our Code of Ethics, anti-corruption policies, and potential and financial consequences hereof. In order to limit such risks, we provide annual trainings to both current and new employees.

We are committed to continuing to fight corruption and bribery in our day-to-day interactions with customers and suppliers.

We have in 2020 had zero cases reported under the anti corruption and bribery code of conduct

Human rights

We are continuing our efforts to improve safety for both our employees and our customers. In this connection, we have drawn up specific safety rules that should be followed. After internal considerations on the need for implementing a human rights policy and continuously following strongly imposed regulations in Denmark, we have assessed that there is no need to implement an individual company specific policy on human rights. Consequently, at the current stage no official policy has been developed in regard to human rights.

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Management's review

Operating review

Social and Staff matters

Aligned with Group, our corporate culture is a source of cohesion and commitment from all of our employees and is founded on cordial relations, enhancing a sense of belonging, and increasing team motivation. Loxam A/S has always been keen to develop knowledge and training internally.

We provide annual trainings to further develop the employees' technical skills. One of the biggest risks is the employees' retention, which we manage through our development trainings and employees' satisfactory surveys that guide us to improve ourselves as employer and continue delivering value to our employees.

In 2019 there was conducted a Great place to work survey both globally and locally in Loxam group, the work analysis done prompted the creation of a Danish Loxam ambasador programe, which consists of a wide sample of employees meeting quaterly to voice the employees perspective in all matters concerning the employee well being to top management. Due to the covid 19 pandemic, no employee survey was conducted in 2020, but it is planned that a new employee survey will be conducted in 2021/2022.

Climate and environment

Loxam Denmark has the ambition to live up to the applicable rules and regulations and support a sustainable development of society by seeking to minimize its environmental impact and offer environmentally friendly products and solutions to its clients.

Loxam Denmark monitors its energy consumption. If the consumption exceeds the recommended level, the local branch manager develops an action plan. The Company also practices waste separation in order to minimize its environmental impact from waste disposal. Action plans are implemented to ensure that all waste is sorted by nature so that all waste can be recycled. Waste per branch is registered via the taker in an environmental report to the local authorities, divided by volume and amount.

In 2020, Loxam Denmark realised lower energy consumption and increased recycling of waste compared to 2019.

One of the biggest risks is for our products/solutions to have increased negative impact on the environment and climate. In order to manage that, we continuously strive to development innovative technologies, which can handle the ever pressing environmental and climate challenges. This focus is increasing, and together with other companies in the group we are working on new solutions and products in order to minimize the impact of the climate and local environment on building sites. As an example, we have invested in climate-friendly machines in our Rental Fleet to ensure the least impact on the climate.

Moreover, Loxam is subject to the Danish Executive Order no. 1212 of 19 November 2014 requiring an examination on the energy consumption audit of production managers (these have been conducted so that the consumption is divided by nature). In accordance with the guidelines of the Danish Executive Order, potential savings are calculated. Based on the report action plans for savings are implemented (example is changed to LED light, updating of heating systems, etc.).

For future investments, Loxam Denmark has set up a target, that at least 50% of new investments in rental fleet are zero emission machines, and furthermore all new machines with diesel engines will be in the stage V in the European Emmision Standard.

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Management's review

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Gender distribution in Management in compliance with section 99 b of the Danish Financial Statements Act

The Board of Loxam Denmark has three representatives who have been chosen in relation to their experience within the rental industry, and they are senior managers of the Loxam Group.

Loxam Denmark has acknowledged the changes in the Danish Financial Statements Acts regarding an equal distribution of gender among Board members and senior management. This will be considered, aside from the professional experience, when a position becomes available, with the aim to increase the female representation to an equal distribution. Currently we have three members as part of our Board of Directors, which are all males. As there has been no change in the BoD we have not progressed further, but it remains our target for the year to come. Therefore, we have set a target of one female to be hired in the Board of Directors by 2022.

The Company highly values employees' diversity and hires employees on the basis of their skills, irrespective of their gender, race, religion and culture. Recruitment processes support diversification for both Management positions as well as other positions.

When a position in management becomes available, and we begin a new recruitment process, we always encourges every candidate who finds the job relevant, to apply for the position regardless of gender and age.

When we use recruiting agencies/head hunters we specifically ask to have female candidates presented, and if we have two equal candidates we will select the less represented gender to fullfill the role.

At management level we have 3 female managers out of a total of 37 and even though the numbers are low we strive to increase the level in the future.

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Income statement

DKK'000	Note	2020	2019
Revenue		490,257	522,336
Direct costs		-104,941	-126,471
Other external costs		-135,924	-140,796
Gross profit		249.392	255,069
Staff costs	2	-129,140	-143,640
Amortisation and depreciation	3,4	-100,970	-101,901
Other operating income		13,414	12,114
Other operating costs		-362	-502
Operating profit		32,334	21,140
Loss from equity investments in group entities		0	-36,403
Financial income	5	238	173
Financial expenses	6	-16,268	-19,724
Profit/loss before tax		16,304	-34,814
Tax on profit/loss for the year	7	-4,723	-1,696
Profit/loss for the year	8	11,581	-36,510

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Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	3	8,556	9,215
		8,556	9,215
Property, plant and equipment	4		
Land and buildings		19,909	20,890
Rental equipment		412,899	445,931
Fixtures and fittings, tools and equipment		13,730	13,433
		446,538	480,254
Investments			
Deposits	9	12,004	11,901
		12,004	11,901
Total fixed assets		467,098	501,370
Current assets			
Inventories			
Spare parts and fuel		2,275	1,984
		2,275	1,984
Receivables			
Trade receivables		94,667	109,402
Other receivables		1,785	1,661
Prepayments	10	5,119	6,006
		101,571	117,069
Cash at bank and in hand		8,038	9,951
Total current assets		111,884	129,004
TOTAL ASSETS		578,982	630,374

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Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	11	4,340	4,340
Retained earnings		16,458	4,877
Total equity		20,798	9,217
Provisions			
Deferred tax	12	31,705	26,982
Other provisions	13	1,871	3,366
Total provisions		33,576	30,348
Liabilities other than provisions			
Non-current liabilities other than provisions			
Credit institutions	14	2,033	13,558
Lease obligation	14	81,466	56,130
Loan from affiliated companies	14	160,000	240,000
		243,499	309,688
Current liabilities other than provisions			
Credit institutions	14	20,110	20,419
Loan from parent company		88,673	103,531
Loan from affiliated companies	14	80,000	80,000
Lease obligation	14	15,985	18,524
Trade payables		31,422	25,012
Other payables		42,400	30,889
Prepayments	15	2,519	2,746
		281,109	281,121
Total liabilities other than provisions		524,608	590,809
TOTAL EQUITY AND LIABILITIES		578,982	630,374

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Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2019	4,340	8,987	0	13,327
Capital contribution	0	32,400	0	32,400
Transferred over the profit/loss appropriation	0	-36,510	0	-36,510
Equity at 31 December 2019	4,340	4,877	0	9,217
Equity at 1 January 2020	4,340	4,877	0	9,217
Transferred over the profit/loss appropriation	0	11,581	0	11,581
Equity at 31 December 2020	4,340	16,458	0	20,798

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1 Accounting policies

The annual report of Loxam A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies are unchanged compared to last year.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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1 **Accounting policies (continued)**

Income statement

Revenue

Revenue from equipment rental is recognised in the income statement in accordance with the completed-contract method. Cut-off is made for pre-invoicing. Revenue is calculated excluding VAT and other duties.

All discounts granted are recognised as a deduction of revenue.

Direct costs

Direct costs include costs, which are directly related to the activity such as purchases of products for sale, rehired equipment and transport costs.

Other external costs

Other external costs comprise costs relating to sales, marketing, administration, office premises, loss on debtors, operating leases, etc.

Staff costs

Employee costs include wages, salaries, remuneration, pensions and other employee costs paid to the Company's employees.

Amortisation and depreciation

Amortisation and depreciation include amortisation of intangible assets and depreciation of property, plant and equipment and impairment write-downs of these assets.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 20 years.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Land and buildings	25 years
Rental equipment	3-15 years
Fixtures and fittings, tools and equipment	2-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

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1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of expected cash flows.

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1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The Company is jointly taxed with Loxam Denmark Holding A/S.

Current joint taxation contribution payable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions comprise anticipated costs for refurbishment of leaseholds. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

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1 Accounting policies (continued)

Prepayments and deferred income

Deferred income comprises payments received regarding income in subsequent years.

Segment information

No information about segments is shown as the Company only has rental activities in Denmark.

2 Staff costs

DKK'000	2020	2019
Wages and salaries	117,608	129,900
Pensions	9,098	10,547
Other social security costs	1,567	2,253
Other employee costs	867	940
	129,140	143,640
Average number of full-time employees	255	264

Remuneration for management is not disclosure in accordance with § 98b in the Danish Financial Statements Act.

3 Goodwill

DKK	2020
Cost at 1 January 2020	13,164
Cost at 31 December 2020	13,164
Depreciation and impairment losses at 1 January 2020	3,949
Amortisation	658
Depreciation and impairment losses at 31 December 2020	4,607
Carrying amount at 31 December 2020	8,556
Amortised over	20 years

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4 Property, plant and equipment

DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	33,873	1,138,018	70,436	1,242,327
Transfers	-	-688	688	-
Additions	1,427	65,904	5,122	72,453
Disposals	-	-56,882	-10,300	-67,182
Cost at 31 December 2020	35,300	1,146,352	65,946	1,247,598
Depreciation and impairment losses at 1 January 2020	12,983	692,087	57,004	762,073
Transfers	-	-578	578	-
Depreciation	2,408	93,069	4,832	100,312
Disposals	0	-51,125	-10,198	-61,323
Depreciation and impairment losses at 31 December 2020	15,391	-733,453	52,216	801,060
Carrying amount at 31 December 2020	19,909	412,899	13,730	446,538
Depreciated over	25 years	3-15 years	2-10 years	-

Rental equipment includes financially leased assets of DKK 110 million (2019: DKK 83 million)

DKK'000	2020	2019
5 Financial income		
Other interest income	238	173
	238	173
6 Financial expenses		
Interest expense to affiliated companies	12,856	16,141
Other financial expenses	3,412	3,583
	16,268	19,724

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DKK'000	2020	2019
7 Tax on profit for the year		
Adjustment of deferred tax	4,722	1,712
Adjustment prior years	1	-16
	4,723	1,696

8 Proposed profit/loss appropriation		
Proposed dividends for the financial year	0	0
Retained earnings	11,581	-36,510
	11,581	-36,510

9 Deposits		
Cost at 1 January	11,901	12,429
Additions	113	204
Disposals	0	-732
	12,004	11,901

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10 Prepayments

DKK'000	2020	2019
Insurance premiums	1,492	1,797
Prepaid rent and other prepaid expenses	3,627	4,209
	5,119	6,006

11 Share capital

The share capital comprises 4,340,170 shares of DKK 1 each. All shares rank equally.

DKK'000	2020	2019
12 Deferred tax		
Deferred tax at 1 January	26,982	25,286
Adjustment of deferred tax	4,723	1,686
	31,705	26,982
Deferred tax relates to:		
Property, plant and equipment	54,976	50,802
Liabilities and provisions	-21,851	-17,164
Tax losses carried forward	-1,420	-6,655
	31,705	26,982

13 Other provisions

Other provisions at 1 January	3,366	1,819
Addition for the year	0	1,547
Disposals for the year	1,495	0
Other provisions at 31 December	1,871	3,366

Other provisions comprise expected costs for refurbishment of leaseholds upon exit of lease contracts. The provisions are not expected to be utilised within the next 5 years.

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14 Liabilities other than provisions

Financial lease obligation falls due as follows:

DKK'000	2020	2019
0-1 year	25,790	18,524
1-5 years	69,794	55,629
After 5 years	1,867	501
	97,451	74,654

Loan from affiliated companies falls due as follows:

0-1 year	80,000	80,000
1-5 years	160,000	240,000
After 5 years	0	0
	240,000	320,000

Debt to credit institutions falls due as follows:

0-1 year	20,110	20,419
1-5 years	546	12,337
After 5 years	1,487	1,221
	22,143	33,977

15 Prepayments

Deferred income of DKK 2,519 thousand (2019: DKK 2,746 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

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16 Contractual obligations, contingencies, etc.

Contractual obligations

Lease obligations (operating leases) falling due until the end of the contracts total DKK 7,718 thousand (2019: DKK 8,659 thousand).

Obligations on rent falling due until the end of the contracts totalling DKK 34,860 thousand (2019: DKK 71,784 thousand).

Contingent liabilities

The Company is jointly taxed with Loxam Denmark Holding A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2020, the net taxes payable to the Danish tax authorities subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Loxam A/S is part in tax litigations which may result in increased tax expenses for 2020 and prior years.

According to loan agreement the Company is restricted in repaying group internal loans, provide security in its assets as well as sell, lease or otherwise dispose of assets including property, plant and equipment, inventory and shares in subsidiaries. The loan amounts to DKK 24 million (2019: DKK 32 million).

Mortgages

Debt to credit institutions of DKK 3,957 thousand is secured by mortgages in property, plant and equipment.

17 Related party disclosures

Parties exercising control

Loxam Denmark Holding A/S.

The Company's annual report is included in the consolidated financial statements of the ultimate owner Loxam S.A.S, France. The Group's annual report is filed with this annual report.

Related party transactions

DKK'000	2020
Administrative services from a group company	13,898
Lease of equipment from a group company	8,370
Turnover made with a group company	37

Payables to Group Company are disclosed in the balance sheet, and expensed interest is disclosed in note 6.

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